31st August 1950]

DEPUTY CHAIRMAN :—" It was discussed at the Speakers' Conference."

DR. A. LAKSHMANASWAMI MUDALIYAR :—" Then what happens to the Bill that was passed at the last session? "

VII.—GOVERNMENT BILLS.

(1) THE MADRAS ENTERTAINMENTS TAX (AMENDMENT) BILL, 1950 (L.A. BILL NO. 20 OF 1950).

THE HON. SRI B. GOPALA REDDI :—" Sir, I move— 12 noon.

' *that the Madras Entertainments Tax (Amendment) Bill* [a], 1950 (*L.A. Bill No.* 20 *of* 1950), *as passed by the Assembly and transmitted to the Council, be taken into consideration.*'

" Sir, last year we passed the Cinematographs Tax Act and it was to be in force only for a year. That year has expired by the end of July. So, we had to issue an Ordinance to keep it alive pending the decision of the Legislature. This Bill seeks to give the Bill a life of four years from the date of its commencement. Already one year is over and for three more years we are seeking to keep it alive.

" As hon. Members are aware, the Act contemplates a show tax on every cinema show exhibited in the city and in the Municipalities—Rs. 2-8-0 for every show in the city, Rs. 2 for every show in first and second-grade municipalities, Rs. 1-8-0 for every show in third-grade municipalities and Re. 1 for every show in major panchayats with a population of not less than 10,000. There was a fear last year when we brought forward this legislation that it might seriously affect the cinema theaters altogether because the Government of India were coming forward with their measures and they were also collecting some money from the theatres. So, we want it to be in force for only a year. Now we find there is no serious detrimental effect on the cinema shows. On the other hand, our entertainments tax is on the increase. We got about 3 lakhs of rupees last year and we expect to get about 5 lakhs of rupees this year if this Bill is allowed to go through. There was also not much of serious opposition except a very formal resolution by the Film Chamber. Therefore, it is only a very small thing. The Government would get about 5 lakhs in a year and it is not an inconsiderable sum seeing that we are not in a very happy position just now. Therefore, I request that the House may give its approval for continuing it for three more years. We have been accustomed to it for the last one year and we may continue it for another three years."

DEPUTY CHAIRMAN :—" The motion is—

' That the Madras Entertainments Tax (Amendment) Bill, 1950 (L.A. Bill No. 20 of 1950), as passed by the Assembly and transmitted to the Council, be taken into consideration '."

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[a] Printed as Appendix VI on page 301 infra.

DR. A. LAKSHMANASWAMI MUDALIYAR :—" Sir, the Hon. the Finance Minister has stated that this Entertainments Tax has given him an yield of over 3 lakhs of rupees last year and surely it will gradually increase because whether it is sales tax or entertainments tax, it grows by geometrical progression and that is the reason why I appeal to him on this occasion to extend his sympathy to certain associations which are now heavily taxed and which are now not in a position to fulfil their objects. The Hon. Finance Minister has recently stated that dramatic performances will be exempt from the entertainments tax so as to further the art of dramatization. I venture to put forward a plea that he will take a similar sympathetic attitude in regard to tournaments that are conducted by athletic associations. The Hockey Association, the Football Association, the Cricket Association and certain other athletic associations are being heavily taxed with regard to entertainments. I have here figures to show that these associations are sometimes in great deficit. The members of these associations are not profit-making members. The whole of the amount that is got by the tournaments is utilized, if there is any balance at all which is nil more often than not, for the furtherance of the very object of promoting athletics, physical welfare and team spirit in the youths of the country. I do not think there can be any better purpose than that to show that the Government would be doing a very helpful thing in promoting athletics if they were to see their way to exempt them from payment of this tax. I see, Sir, that section 8 of the Entertainments Tax Act says that the Provincial Government may by general or special order exempt any entertainment or class of entertainments from its liability to the entertainments tax. I am not asking the Hon. the Finance Minister to give me a definite promise but I would request him, and I hope the House will support me in that request, that when these Associations come and see him and wait in deputation on him, he may take into consideration all the facts of the case and subject to such reasonable safeguards as may have to be enforced, see that the entertainments tax is not imposed upon associations which are not profit-making concerns but which are definitely for the improvement of the physical culture of the youths of the nation.

" The Hon. Minister need not be frightened that it will relieve him of a large amount of income to the State. I would only ask him to consider the possibility of another form of tax. In List II to the Constitution, you will find that there is provision in item 55 enabling the State Government to tax advertisements which are a common feature of most entertainments. I would ask the Government to take that power in two ways to tax the advertisements and also to impose penalties for those advertisements which are pasted on every person's property except perhaps that of the person who advertises. This disfigurement of the walls of the City of Madras in most places is a disgrace. Instead of making the City beautiful, we are making it horrible, by the pasting of advertisements on Government walls, private landholders' buildings and everywhere. In that connexion, I was very sorry to hear from the

Hon. Chairman of the Standing Finance Committee of the Corporation of Madras that all that the Corporation was doing was to collect some tax from those people for their advertisements; they never worried whether these advertisements were pasted in proper places or not. I have been visiting many cities and I can tell you that there is no place outside probably our own country where such advertisements are tolerated. There are special boards for advertisements and special rates for fixing or pasting these advertisements and if only the Government will take up that particular step, in right earnest, they will be saving a great deal of disfigurement and a great deal of the loss of the landlord who has to remove those advertisements and whitewash his buildings. I think from that point of view the Hon. the Finance Minister will get a much better income by this sort of taxation as well as by way of penalty for pasting these advertisements on properties. In any case, I hope he will give a sympathetic hearing when a deputation waits on him in regard to relief from entertainments tax for those associations which promote athletics, sporting events and the physical welfare of the youths of the country."

THE HON. SRI B. GOPALA REDDI:—"Sir, this is a very simple tax on cinema shows and it does not touch the main structure of the entertainments tax at all. Anyway the hon. Gentleman has raised a very pertinent question and he has appealed to the Government to sympathetically consider the case of athletic associations. Sir, the athletic associations themselves do not pay the entertainments tax. Those who go and frequent these cricket matches or hockey matches are being asked to pay and not the associations. The question now arises whether those people who go and witness these matches can afford to pay these 2 annas in a rupee as entertainments tax or not. Therefore, it is a question which has to be considered very deeply, of course, with a little sympathy. But what I can say is that those who go to these matches can certainly afford to pay this small little entertainments tax and it is not the Associations that are being asked to pay but they are being asked to collect it from the people and pass it on to the Government.

"That apart, only recently we had a wrestling match in the Corporation Stadium. I think the hon. Gentleman is also referring to wrestling matches and things like that. I asked my officers what the amount that they had collected by way of entertainments tax was. We got about Rs. 14,000 in a single show. Thousands of people with great enthusiasm throng to see a wrestling match. There is so much of excitement and tension and they do not mind paying this small entertainments tax while they witness a very thrilling wrestling match or boxing match. So, let them pay as they go. That is the slogan and I think it will not be a very bad slogan either. Anyway it is a matter to be considered. Sometime ago the Cricket Association enjoyed a little exemption. I did not see why this association should have this exemption and it had to be withdrawn last year. When all the other associations are not getting it, there is no point in giving exemption to this particular

association. Anyway, I shall certainly consider the matter very sympathetically. Of course, it raises a very fundamental issue. Recently a deputation of circus promoters waited on me. They said that they had to maintain a large number of tigers and wild beasts and feed them and that the cost of feeding had gone up tremendously and that they were being asked to pay the full entertainments tax. They pleaded for some concession on rationed articles. But they are enjoying concessional rate; they wanted complete exemption. If we go on in that manner, perhaps we may not be getting much from the entertainments tax. After all, this tax goes to the local bodies. It does not go directly into the Government coffers. We will be depriving the local administrative units of the little income that they are getting from the entertainments tax if we go on exempting.

" With regard to taxing advertisements, last year we attempted to levy tax on advertisements including advertisements in newspapers and there was a big opposition to it. Ultimately the Constitution came in the way and that item was included in the Union List. So, the States were deprived of that source of revenue. When newspaper and newspaper advertisements had been left out. we thought tax on other advertisements would not fetch us much because there is not much of a regular, organized advertisement system in our country and it is not much of an industry worth mentioning. Except the cinema advertisements, there is not much of a busines advertisement in the proper sense and we will not be getting anything substantial. So, the time for considering the levy of an advertisement tax is not come, I think.

" With regard to disfigurement, I think it is for the municipalities to tackle this problem of disfigurement which makes the city ' horrible '. If they want more powers, they can certainly ask for them and we shall vest in them those powers and see that the indiscriminate pasting of advertisements does not occur in our cities.

" With regard to the amendment, in this Bill there is nothing else to say. As I said, there is not much of an opposition. Even the theatre owners themselves do not mind paying this tax and we are getting about 5 lakhs of rupees in a year. "

DEPUTY CHAIRMAN :—" The question is—

' that the Madras Entertainments Tax (Amendment) Bill, 1950 (L.A. Bill No. 20 of 1950), as passed by the Assembly and transmitted to the Council, be taken into consideration '."

The motion was carried.

Clauses 2, 3 and 1 and the Preamble were then put and carried.

THE HON. SRI B. GOPALA REDDI :—" Sir, I now move—

' *that the Madras Entertainments Tax (Amendment) Bill, 1950 (L.A. Bill No. 20 of 1950), be passed* '."

DEPUTY CHAIRMAN :—" The question is—

' that the Madras Entertainments Tax (Amendment) Bill. 1950 (L.A. Bill No. 20 of 1950), be passed '."

The motion was carried.